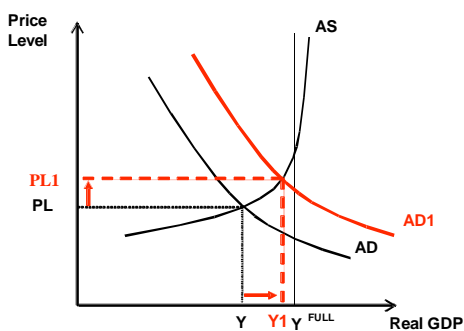


Assessment Schedule - 2007**Economics: Describe aggregate economic activity (90632)****Evidence Statement**

Code	Question	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
A1*	One (a)	Real GDP 2000 = 126087 2006 = 154780 (accept rounding error)	BOTH calculations correct.		
A1*	(b)	The rate of economic growth was 22.8% between 2000 and 2006. OR economic growth has occurred as real GDP increased from \$126087m in 2000 to \$154780m in 2006. or by \$28693m (or their own data from real GDPcol)	Correct trend and Table 1 referred to.		
A1*	(c) (i)	A = Recovery / expansion / upturn / upswing B = Slump / depression / trough / recession	BOTH stages correctly named.		
A1*	(c) (ii) 1	Recovery / expansion / upturn / upswing	Correct stage named		
A1*	(c) (ii) 2	Peak / boom	Correct stage named		
A1	Two (a) (i)	AD decrease PL decrease Real output decrease (Additional ticks make row incorrect)	All THREE correct.		
A1	(a) (ii)	AS decrease PL increase Real output decrease (Additional ticks make row incorrect)	All THREE correct.		
A1	(a) (iii)	AS decrease PL increase Real output decrease (Additional ticks make row incorrect)	All THREE correct.		
A1	(b)		Shifts AD to right AND labels new curve AD1 AND correctly labels new curve, PL1, Y1. ie ALL 4 required.		

Code	Question	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
A1	Three (a)		Shifts AD to right AND labels new curve AD1 AND correctly labels new curve, PL1, Y1. ie ALL 4 required		
A1	(b) (i)	Inflation will increase as PL has increased to PL1. <i>(Answer must relate to candidate's graph.)</i>	Correct prediction AND reference to Graph 3.		
A1	(b) (ii)	Employment will increase as real GDP (Y) has moved closer to Y^{FULL} . <i>(Answer must relate to candidate's graph.)</i>	Correct prediction AND reference to Graph 3.		
A2 or M2	(c)	(I) <u>Consumer spending (C) increases</u> / more spending on g + s (NOT spending on houses) (E) as <u>house prices have increased</u> (/ house value increased / wealth increases) which increases consumer confidence or <u>consumers prepared to borrow more</u> (or save less) any 2 points for E <i>and this causes rightward shift of the AD shown on Graph 3</i>	A partial answer that has EITHER the I OR the E point.	Has BOTH I AND E points in explanation and no serious errors.	
A2 or M2	(d) 1 st part	(I) Increasing the OCR will 1. <u>increase the (domestic) interest rates</u> 2. <u>so borrowing falls</u> / (existing loans more expensive) / <u>↑ saving</u> or households have <u>less disposable income available to spend after paying higher mortgage rates</u> (E) this will 3. <u>decrease spending</u> / (C) 4. <u>decrease AD</u> / (reduce dd pull inflation / cause fall in dd for g + s)	Has I OR E OR any 2 points.	Has BOTH I AND E points in explanation OR any 4 points and no serious errors.	
M2 or E2 depth	(d) 2 nd part	<i>This may not be effective because</i> (I). Many households have borrowed on <u>fixed term rates</u> , (E) so <u>↑ mortgage / loan expenses won't occur</u> until term expires, meaning <u>no ↓ C now</u> <i>hence AD won't fall as much, meaning this action is not fully (Q).</i>		Has BOTH I AND E points in explanation and no serious errors.	Has BOTH I AND E points in explanation and no serious errors AND has M2 for 1 st part of 3d.

Code	Question	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
A2#	Four (a) (i)	Working = Crown rev = $9.5 + 10.7 + 24.1 + 11.8$ (= \$56.1 billion) Crown exp = $8.9 + 17.8 + 14.6 + 11$ (= \$52.3 billion) Ans = \$(bill) 3.8 surplus	Has correct answer AND surplus circled.		
A2#	(a) (ii)	Circles: Contractionary AND Fiscal <i>[Carried through error from 4(a)(i) allowed]</i>	BOTH correctly circled.		
A2 or M2#	(b)	(I) When the government operates a surplus <u>AD will decrease</u> . (E) As injections (Govt spending) <u>are less than</u> withdrawals (Govt revenue) <u>so money is withdrawn from the circular flow / out of the economy (decreasing AD [Q])</u> Or <u>as \uparrow AD effect of injections (Crown exp / G) \leq \downarrow AD effect of withdrawals (Crown rev / T)</u> <i>So the result is a net decrease in AD / AD shifts left (Q).</i>	A partial answer that has EITHER the I or the E point.	Has BOTH I AND E points in explanation and no serious errors.	
A2 or M2#	(c)	(I) Increased OCR <u>causes $D_{\\$NZ}$ to increase</u> (E) as <u>increased domestic interest rates / returns encourage overseas savers / (investors) to put money into NZ banks</u> <i>And so a strengthening of the \$NZ (Q)</i>	A partial answer that has EITHER the I OR the E point.	Has BOTH I AND E points in explanation and no serious errors.	
A2#	(d) (i)	A stronger \$NZ means exporters swap foreign earnings for fewer NZ dollars, decreasing inflows OR stronger \$NZ raises price of exports decreasing sales (and so receipts) .	Description correct.		
A2#	(d) (ii)	A stronger \$NZ means it is more expensive to invest in NZ decreasing inflows OR profits income from NZ investments are larger when swapped into "foreign dollars", so FI increases.	Description correct.		
E2 Breadth	Four (a) (i) (a) (ii) (b) (c) (d) (i) (d) (ii)	A2 A2 M2 M2 A2 A2			Any 3 A2s and 2 Ms from Q4 on pages 6+7.

Judgement statement

Achievement	Achievement with Merit	Achievement with Excellence
$1 \times A1^*$ $1 \times A1$ $1 \times A2$ 5 other A or M or E	$1 \times A1^*$ $1 \times A1$ $1 \times A2$ $2 \times M2$ 6 other A or M or E	$1 \times A1^*$ $1 \times A1$ $1 \times A2$ $2 \times M2$ $1 \times E2$ 6 other A or M or E
Codes A1 refers to the first criterion. A2, M2 and E2 refer to the second criterion.		